



State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
(609) 292-7524 TDD (609) 292-7718
www.state.nj.us/treasury/pensions

JON S. CORZINE
Governor

MAILING ADDRESS:
PO Box 295
TRENTON, NJ 08625-0295

LOCATION:
50 WEST STATE STREET
TRENTON, NEW JERSEY

MICHELLENE DAVIS
Acting State Treasurer

FREDERICK J. BEAVER
Director

December, 2007

TO: Certifying Officer – Teachers' Pension and Annuity Fund,
Public Employees' Retirement System &
Police and Firemen's Retirement System

FROM: John D. Megariotis
Deputy Director, Finance

SUBJECT: Report of Contributions, 4th Quarter 2007 (October 1st to December 31st)

This memorandum has pertinent information concerning the completion of your Report of Contributions (ROC). Please read this memorandum before you make any changes to the ROC.

Should you have any questions or need assistance in completing the Report, please refer to <http://www.state.nj.us/treasury/pensions/epbam/finance/roc.htm>

NEW LEGISLATION ALERT - PERS and TPAF Maximum Compensation

Chapter 103, PL of 2007, provides that new employees are subject to a maximum compensation limit for PERS or TPAF pension contributions. The maximum compensation is based on the annual maximum wage for Social Security.

Note: The PERS and TPAF maximum compensation limit does not apply to employees who were already members of the PERS or TPAF prior to July 1, 2007.

For calendar year 2008, the annual maximum wage for Social Security is \$102,000 and is subject to change at the start of each calendar year. Therefore, a new employee enrolled in the PERS or TPAF *on or after* July 1, 2007 who earns in excess of \$102,000 before the end of 2008 will have his or her TPAF or PERS base salary capped – limiting the amount used to calculate benefits and contributions to TPAF or PERS for pension or contributory insurance.

Pension benefits may be available to these individuals for base salary paid in excess of the annual compensation limit under the newly created Defined Contribution Retirement Program (DCRP). DCRP plan materials, enrollment forms, and other program information are being developed and will be provided under a separate mailing.

Deadline for Filing the Report of Contributions

Due to the overwhelming popularity of the I-ROC program and the time saved in preparing the report of contributions, the Division is updating member accounts as early as four weeks following the close of the calendar quarter. **All reports are due by January 10, 2008. Should your report not be received by the close of business on January 25, 2008, interest penalties will begin to accrue and reports received after this date may not be used to update member accounts.**

Delays in receiving reports affect the timeliness of the Division providing services to ALL pension plan members, not just your employees and retirees. Unfortunately, we continue to experience delays associated with employer late reporting. This policy, of strict adherence to the established reporting deadline, will alleviate that problem.

When you receive your quarterly ROC, you should review it immediately. If you think you will have a problem in meeting the filing deadline, or if there is anything you do not understand, contact the Audit/Billing Section at (609) 292-3630. Normally, reporting inquiries can be resolved with a telephone call. If other arrangements need to be made to assist you in the completion of your ROC, the sooner you communicate that fact to the Division the better for everyone involved.

Procedure Change Reminder – Reports of Salary Change

The Division of Pension and Benefits is no longer providing to you reports of salary change. Now that the majority of employers are reporting through the I-ROC, we recommend that you use the "Projected Salary" field on the Member Update screen to submit these changes for the next calendar quarter. Should you need an alternative approach for reporting salary changes, please call (609) 292-3630 and speak with a representative. **This request should be made no later than February 1, 2008, to allow for processing time.**

TEPS - Transmittal Electronic Payment System

Please note that the only payments that should be submitted through TEPS are for monthly transmittal and annual appropriation payments. **Employee shortages are not to be submitted through TEPS.**

The fax number and address that you use to submit the Employer Authorization Forms to the Division of Pensions and Benefits is (866) 568-2495 or it may be mailed to State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 9581, Trenton, NJ 08650-9581.

Retirement Plan Limits for 2008

The IRS has announced the cost-of-living adjustments (COLAs) for retirement plans. Many of the limits applicable to pension, and other retirement plans, increase for 2008.

The following plan limits are increased for inflation effective January 1, 2008:

- *Annual compensation limit.* The maximum amount of annual compensation that can be taken into account for the purpose of determining benefits and contributions under Code Sec. 401(a)(17) is increased from \$225,000 to \$230,000¹. Retirement plans administered by the Division of Pensions and Benefits affected by this change include the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), the Supplemental Annuity Collective Trust (SACT), the Alternate Benefit Program (ABP), the Additional Contributions Tax-Sheltered (ACTS) program, the Deferred Compensation Retirement Program (DCRP) and the New Jersey State Employees Deferred Compensation Plan.
- *Chapter 113, P.L. 1997.* N.J.S.A. 43:3C-9.3 & 43:3C-9.4 permits higher annual compensation limits for members of TPAF, PERS, PFRS and ABP enrolled prior to July 1, 1996, if, prior to July 1, 1997, the employer certified to the Division Director that the employer will pay the additional cost for not applying the lower Code Sec. 401(a)(17) *Annual Compensation Limit* to these members. If you are such an employer, you may report pensionable salary in excess of the Code Sec. 401(a)(17) limits mentioned earlier for those employees in the affected class.
- *Defined contribution plans.* The limitation on the annual additions to a participant's defined contribution account under Code Sec. 415(c)(1)(A) is increased from the lesser of \$45,000 or 100% of the participant's compensation to the lesser of \$46,000 or 100% of the participant's compensation. Annual additions are the sum for any year of all employer and employee contributions to the defined contribution plan. For purposes of applying the limitations all defined contribution plans of an employer are to be treated as one defined contribution plan. Defined contribution plans include an employee annuity plan described in section 403(a) and an annuity contract described in [section 403\(b\)](#). Defined contribution plans administered by the Division of Pensions and Benefits affected by this change include the SACT, DCRP, ABP and ACTS programs and the New Jersey State Employees Deferred Compensation Plan.

¹ Lower compensation limits are in place for TPAF and PERS members enrolled on or after July 1, 2007 – see Ch. 103, P.L. 2007 for details.

The following limits are unchanged:

- *Elective deferrals.* The limitation under Code Sec. 402(g)(1) on the exclusion for elective deferrals described in Code Sec. 402(g)(3) remains at the lesser of \$15,500 or 100% of the participant's compensation. Defined contribution plans administered by the Division of Pensions and Benefits affected by this change include the SACT, DCRP, ABP and ACTS programs.
- *Deferred compensation plans.* The limit on deferrals under Code Sec. 457(e)(15) concerning deferred compensation plans of state and local governments and tax-exempt organizations remains at the lesser of \$15,500 or 100% of the participant's compensation. The deferred compensation plan administered by the Division of Pensions and Benefits affected by this change is the New Jersey State Employees Deferred Compensation Plan and is available to Employees of the State and other State chartered commissions, authorities and boards. Other governmental employers in the State may offer similar, self-administered programs.
- *Catch-up contributions.* The dollar limit under Code Sec. 414(v)(2)(B)(i) for catch-up contributions to an applicable employer plan other than a plan described in Code Sec. 401(k)(11) or Code Sec. 408(p) for individuals aged 50 or over remains at \$5,000. Defined contribution plans administered by the Division of Pensions and Benefits affected by this change include the SACT, ABP and ACTS programs.